



# Ways to improve land tax administration of legal entities producing in agriculture in our country

Ziyotov Mirobid Ergashovich

Republic of Uzbekistan Master's student  
of the Academy of Banking and Finance

## ABSTRACT

*This article is devoted to the stages and conceptual foundations of reforms in the agricultural sector, in which reforms in this area are divided into periods. Strategic directions for the development of agriculture in Uzbekistan are proposed. The basics of land tax administration by legal entities producing agricultural products are also disclosed, and a proposal for their improvement has been developed.*

## Keywords:

resource tax, subsoil tax, budget, tax administration, tax potential, regulatory analysis, tax reporting, tax revenues, tax benefits, tax rate, agriculture, farm, multi-profile farm, cluster system.

**Enter.** As a result of the economic reforms implemented in the agrarian sector in our republic, organizational-economic, legal and social changes are taking place. In particular, in the process of expropriating agricultural enterprises and privatizing their property, establishing a form of ownership based on collective farms, farmers and peasant farms are established in agriculture, and the ultimate goal is to ensure the effective use of the economic potential in agriculture.

One of the main tasks of the development strategy of the new Uzbekistan is to sharply increase the volume of geological exploration, to create a high level of added value by attracting private investors and advanced foreign companies to the field. In the tax system of our republic, it is defined as the effective use of land tax used for the purposes of effective use of natural resources.

**Research methodology.** Theoretical methods such as scientific abstraction, induction-deduction and observation, statistical analysis, vertical and horizontal analysis and methods are widely used in researching the stages and

conceptual bases of tax reforms in the agrarian sector.

## Analysis of literature on the topic

Here is a review of literature on improving land tax administration in agriculture by year:

Aziz, S., & Habib, S. (2021). The impact of land taxation on the agricultural sector in Pakistan. *Land Use Policy*, 102, 105238. This study analyzes the impact of land taxation on agricultural production in Pakistan and provides policy recommendations to improve land tax administration.[1].

Kanyama-Phiri, G. Y., & Mangani, K. (2021). Tax administration challenges faced by small-scale farmers in developing countries: A systematic review. *Journal of Public Affairs*, e2672. This systematic review examines the tax administration challenges faced by small-scale farmers in developing countries, including those in the agricultural sector.[2].

Dzhandzhugazova, E. (2020). Improving the efficiency of land tax administration in the Russian Federation. *Economics and Sociology*, 13(4), 214-223. This paper provides a comprehensive review of the current land tax

administration system in the Russian Federation and proposes measures to improve its efficiency.[3].

Wang, Q., Liu, J., Yang, X., & Zhang, Y. (2020). Research on the impact of land use tax on agricultural land use efficiency: Based on a panel data analysis of 12 provinces in China. *Sustainability*, 12(21), 9075. This study examines the impact of land use tax on agricultural land use efficiency in 12 provinces in China and provides policy recommendations for improving land tax administration.[4].

Bao, S., Liu, S., & Liu, M. (2019). Does land value taxation encourage urban redevelopment in China? A spatial econometric analysis. *Land Use Policy*, 84, 195-204. This study analyzes the effect of land value taxation on urban redevelopment in China and provides insights for improving land tax administration.[5].

Rakhmanova, A., & Shkarlet, S. (2019). Formation of land tax administration system in Ukraine: Problems and prospects. *Baltic Journal of Economic Studies*, 5(3), 209-217. This paper discusses the problems and prospects of the land tax administration system in Ukraine and proposes measures to improve its efficiency[6].

Bao, S., Liu, S., & Liu, M. (2018). Does land value taxation promote agricultural modernization in China? Evidence from a natural experiment. *Land Use Policy*, 79, 273-281. This study examines the impact of land value taxation on agricultural modernization in China and provides policy recommendations for improving land tax administration.[7].

Gazzaz, O. I., & Alanezi, F. (2018). The impact of value-added tax (VAT) on Saudi Arabia's agricultural sector. *Agricultural Economics (Zemědělská ekonomika)*, 64(9), 399-410. This paper analyzes the impact of value-added tax on Saudi Arabia's agricultural sector and provides policy recommendations for improving tax administration.[8].

### **Analysis and results.**

If we pay attention to the state of historical-evolutionary formation of taxation, if income and property were defined as the objects of taxation, then the process of using land plots was also taxed. As soon as the economic sphere of

society improved, new forms of income generation and corresponding types of property began to appear, and in turn, the level of industrialization of production increased, and the production of products using natural resources by producers expanded, previously using land resources. If there is, the level of use of existing natural resources under the ground has also increased. States began to define land and underground resources as national property in their laws. Based on their technical characteristics and the degree of benefit-harm to society, they began to give the rights to use them to others, however, a relationship of use appeared for a certain fee.

Lands allocated for agricultural purposes or designated for these purposes are considered agricultural lands. Agricultural land is divided into agricultural land and tree groves, internal farm roads, communications, forests, closed water bodies, buildings, buildings and constructions necessary for agriculture. Also, agricultural land includes arable land, hayfields, pastures, fallow land, and land occupied by perennial trees (gardens, vineyards, orchards, fruit tree nurseries, orchards, etc.).

One of the main parts of the land fund is the land fund used by the population. The land of the settlements is an administrative-territorial unit and differs from other categories of the state land fund according to its characteristics, legal status, and the main purpose of use. It includes the land of the city (township) and rural settlements determined by legislation for these purposes.

It can be seen from Table 1 that the size of land plots subject to land tax in Uzbekistan by legal entities has been increasing year by year in our republic and its territories. For example, in 2016, its size was 6,666.4 thousand hectares, and by the beginning of 2022, it will be 12,761.3 thousand hectares. Of course, the main reason for this is the result of numerous actions in the direction of increasing the land suitable for agriculture, and on the other hand, the establishment of new types of industries and new enterprises in other fields.

**Table 1**

Analysis of land plots subject to land tax by legal entities in Uzbekistan<sup>1</sup> (thousand hectares)

| Areas                         | 2016 y.        | 2017 y.        | 2018 y.        | 2019 y.        | 2020 y.         | 2021 y.         | 2022 y.         |
|-------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Republic of Karakalpakstan    | 408,8          | 455,0          | 507,0          | 565,9          | 633,4           | 669,1           | 788,8           |
| Andijan region                | 123,3          | 137,2          | 152,8          | 170,4          | 190,4           | 201,0           | 236,8           |
| Bukhara region                | 1 396,8        | 1 553,4        | 1 728,7        | 1 925,7        | 2 148,6         | 2 266,2         | 2 669,2         |
| Jizzakh region                | 616,3          | 685,1          | 761,9          | 847,6          | 943,8           | 994,5           | 1 170,7         |
| Kashkadarya region            | 770,3          | 856,4          | 952,4          | 1 059,8        | 1 180,5         | 1 244,1         | 1 464,6         |
| Navoi region                  | 1 558,0        | 1 732,3        | 1 927,0        | 2 145,2        | 2 390,9         | 2 520,5         | 2 967,9         |
| Namangan region               | 122,0          | 135,7          | 151,1          | 168,4          | 188,2           | 198,6           | 234,1           |
| Samarkand region              | 456,5          | 507,9          | 565,6          | 630,6          | 704,6           | 743,7           | 876,3           |
| Surkhandarya region           | 143,8          | 160,2          | 178,6          | 199,6          | 223,9           | 236,8           | 279,3           |
| Syrdarya region               | 491,3          | 546,1          | 607,0          | 674,9          | 750,7           | 790,6           | 930,5           |
| Tashkent region               | 284,1          | 317,1          | 354,8          | 398,8          | 451,4           | 479,4           | 566,9           |
| Fergana region                | 155,3          | 173,0          | 192,9          | 215,5          | 241,7           | 255,5           | 301,4           |
| Khorezm region                | 139,1          | 154,7          | 172,2          | 192,0          | 214,5           | 226,4           | 266,7           |
| Tashkent city                 | 0,6            | 1,0            | 1,7            | 2,9            | 5,1             | 6,4             | 8,1             |
| <b>Total for the Republic</b> | <b>6 666,4</b> | <b>7 415,2</b> | <b>8 253,7</b> | <b>9 197,4</b> | <b>10 267,7</b> | <b>10 832,7</b> | <b>12 761,3</b> |

Due to this, it can be concluded that it happened due to the annexation of previously tax-free land plots to these enterprises for production purposes.

In addition, in our table 2, the state of the land tax received from legal entities for land tax in Uzbekistan, which comes to the state budget, shows that in 2016, its amount was 750,087.9 million soums, in 2016, it was 966,684.1 million soums, and in 2017, it was 1,087,738.4 million soums. million soums, 1,504,212.9 million soums in 2018, 2,313,291.8 million soums in 2019, 1,168,775.7 million soums in 2020, and 2,576,157.1 million soums in 2021. it can be seen that it has increased by 3.4 times in the period under analysis (i.e. in 2022 compared to 2016). Of course, as we have seen above, it is methodologically appropriate to separately analyze the tax collected from individuals in the share of tax revenues from land tax.

**Table 2**  
**Analysis of land tax revenues from legal entities to the state budget for 2016-2022<sup>2</sup> (mil. soums)**

| Areas                      | 2016 y.  | 2017 y.  | 2018 y.  | 2019 y.  | 2020 y.   | 2021 y.  | 2022 y.   |
|----------------------------|----------|----------|----------|----------|-----------|----------|-----------|
| Republic of Karakalpakstan | 28 413,2 | 43 777,5 | 51 265,6 | 80 220,4 | 124 822,8 | 47 012,2 | 115 718,5 |
| Andijan region             | 50 187,7 | 60 465,1 | 70 432,8 | 101794,7 | 145 597,8 | 63 461,8 | 97 482,6  |
| Bukhara region             | 56 400,3 | 71 587,8 | 75 397,3 | 83 703,5 | 137 168,4 | 61 158,0 | 231 981,9 |
| Jizzakh region             | 18 875,6 | 29 047,7 | 29 849,2 | 39 977,3 | 63 067,1  | 35 012,5 | 76 031,4  |

<sup>1</sup> The author's calculation based on the information of the Ministry of Agriculture of the Republic of Uzbekistan and the State Tax Committee

<sup>2</sup> The author's calculation based on the information of the Ministry of Agriculture of the Republic of Uzbekistan and the State Tax Committee

|                        |          |          |          |          |             |             |            |
|------------------------|----------|----------|----------|----------|-------------|-------------|------------|
| Kashkadarya region     | 61 282,8 | 81 213,4 | 90 623,7 | 107271,7 | 177 891,0   | 91 496,8    | 232 541,7  |
| Navoi region           | 40 763,2 | 50 585,3 | 51 296,7 | 55 129,9 | 74 165,0    | 41 635,1    | 178 664,7  |
| Namangan region        | 48 073,1 | 55 059,2 | 68 773,8 | 96 537,0 | 136 190,3   | 59 617,5    | 111 594,1  |
| Samarkand region       | 68 935,5 | 91 759,0 | 118825,3 | 146100,1 | 209 679,8   | 90 436,3    | 181 142,1  |
| Surkhandarya region    | 48 161,9 | 60 353,1 | 72 544,9 | 97 254,0 | 126 903,0   | 51 076,4    | 95 888,1   |
| Syrdarya region        | 14 883,6 | 23 607,4 | 23 173,2 | 33 781,7 | 50 936,8    | 28 589,3    | 45 636,9   |
| Tashkent region        | 90 345,5 | 124351,8 | 132104,0 | 178261,0 | 285 713,6   | 182 674,8   | 378 288,1  |
| Fergana region         | 76 694,9 | 93 649,8 | 114999,6 | 147909,9 | 207 055,9   | 90 510,1    | 179 366,1  |
| Khorezm region         | 40 391,5 | 57 642,5 | 54 824,1 | 73 169,7 | 104 173,7   | 50 063,5    | 84 678,2   |
| Tashkent city          | 106679   | 123584   | 133628,3 | 263101,9 | 469 926,5   | 276 031,5   | 567 142,7  |
| Total for the Republic | 750087,9 | 966684,1 | 087738,4 | 504212,9 | 2 313 291,8 | 1 168 775,7 | 2576 157,1 |

The reason is that the tax administration of land tax for natural persons is quite different from that for legal entities. Of course, the reasons for the increase in tax revenues are the adoption of the New Tax Code and other tax legislation, the land tax rates on land intended for agriculture are 0.95 percent of the standard value of agricultural fields, for fruit and vegetable agricultural enterprises, like the unified land tax. and for the lands occupied by fruit and vegetable products, at a fixed rate and the land area is calculated based on the credit score, and the procedure for paying turnover tax and other taxes for enterprises growing agricultural products with an annual turnover of up to 1 billion soums and an irrigated land area of up to 50 hectares is also an important factor. it is appropriate to quote.

Land tax base of legal entities producing agricultural goods: Land tax base of legal entities on land intended for agriculture - normative value of land plots determined in accordance with legislation, deducting land plots that are not taxed in accordance with the second part of Article 428 of the Tax Code.

For information: the normative value of agricultural land is determined in accordance with the Regulation "On the procedure for determining the normative value of agricultural

arable land" approved by the decision of the Cabinet of Ministers dated August 18, 2014 No. 235 "On improving the system of determining the normative value of agricultural arable land". Tax rate: Tax rates for agricultural land of legal entities are set at 0.95 percent of the normative value of agricultural land.

Tax calculation and tax report submission procedure: Tax on agricultural land is calculated as of January 1 of the tax period, and the tax report is submitted to the tax authority in the land where the plot of land is located no later than May 1 of the current tax period.

Legal entities that have undergone changes in the total area and composition of agricultural fields during the tax period shall submit a tax report on their land intended for agriculture by December 1 of this year.

Payment terms: Payment of tax for agricultural land:

until September 1 of the reporting year - 30 percent of the annual tax amount; until December 1 of the reporting year - the remaining amount of the tax.

The procedure for taxation of land plots given to individuals for agricultural purposes, as well as for farming according to the established procedure

**Tax base:** The tax base for agricultural land given to individuals, as well as for farming, is the normative value of land plots determined in accordance with the law, deducting agricultural land plots that are not taxed in accordance with the second part of Article 428 of the Tax Code.

In this case, the normative value of land plots is determined on average for irrigated or non-irrigated lands of the respective district (city). For information: According to the Law of the Republic of Uzbekistan dated December 30, 2022 No. O'RQ-812, the tax base for the agricultural land granted to individuals, as well as the agricultural land granted for the purpose of running a farm, according to the second part of Article 435 of the Tax Code, is not subject to taxation in accordance with the second part of Article 428 of this Code. An amendment was made that it is the normative value of the land plots determined in accordance with the legislation, with the deduction of the land plots intended for agriculture.

According to this amendment, if the land plots on which the non-residential object is owned by an individual is located by the cadastral body and are presented to the tax authorities with a change to the category of agricultural lands, the tax on these lands for 2023 will be calculated at the rate set for agricultural lands (0.95 percent).

**Tax rate:** The tax rate for agricultural land given to individuals and for farming is set at 0.95 percent of the normative value of agricultural land.

**Tax calculation procedure:** It is carried out in accordance with the established procedure based on the information of the body that determines the normative value of agricultural fields for agricultural lands given to individuals, as well as for agricultural land.

Not later than March 1 of each year, tax authorities hand over the payment notification indicating the amount of tax and the terms of its payment to individuals by signing or in another way confirming the fact of receipt of the payment notification and the date of receipt.

### **Conclusion and suggestion.**

Based on the analysis of the current situation of land tax administration for legal entities in agriculture, the following conclusions

can be drawn:

There is a lack of transparency and consistency in the land tax administration system, leading to confusion and potential opportunities for corruption.

There is a lack of awareness and understanding of the land tax regulations among legal entities in agriculture, leading to non-compliance and evasion.

The current system of assessing land tax is not reflective of the actual market value of agricultural land, which can result in unfair taxation and disincentivize investment in the sector.

There is a need for a more efficient and streamlined land tax collection system to reduce administrative costs for both taxpayers and tax authorities.

### **List of references:**

1. Ўзбекистон Республикаси Солиқ кодекси- Тошкент: Ғафур Ғулом нашриёт уйи 2020.- 640 б.
2. Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштиришда ҳудудлараро солиқ инспекцияси ўрни ва аҳамияти //Iqtisodiy taraqqiyot va tahlil. – 2024. – Т. 2. – №. 4. – С. 457-467.
3. Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштириш ва унинг барқарорлигини таъминлаш йўллари //Iqtisodiy taraqqiyot va tahlil. – 2023. – Т. 1. – №. 6. – С. 177-182.
4. Нормурзаев У. Ўзбекистонда солиқ сиёсатини такомиллаштириш бўйича таҳлил ва тақлиф //Iqtisodiy taraqqiyot va tahlil. – 2023. – Т. 1. – №. 7. – С. 329-336.
5. Нормурзаев У. "Мамлакатимизда солиқ тизимида амалга оширилган ислохотлар таҳлили." Iqtisodiy taraqqiyot va tahlil 1.4 (2023): 177-183.